



ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2015
OF THE CONDITION AND AFFAIRS OF THE

Merit Health Insurance Company

NAIC Group Code	01260	(Current Period)	,	01260	(Prior Period)	NAIC Company Code	18750	Employer's ID Number	36-3856181
Organized under the Laws of	Illinois					State of Domicile or Port of Entry	Illinois		
Country of Domicile	United States								
Licensed as business type:	Life, Accident & Health [X]			Property/Casualty []			Hospital, Medical & Dental Service or Indemnity []		
	Dental Service Corporation []			Vision Service Corporation []			Health Maintenance Organization []		
	Other []			Is HMO, Federally Qualified? Yes [] No []					
Incorporated/Organized	01/08/1993			Commenced Business			01/08/1993		
Statutory Home Office	5215 Old Orchard Road, Suite 600					Skokie, IL, US 60077			
	(Street and Number)					(City or Town, State, Country and Zip Code)			
Main Administrative Office	5215 Old Orchard Road, Suite 600								
	(Street and Number)								
	Skokie, IL, US 60077				224-935-9809				
	(City or Town, State, Country and Zip Code)				(Area Code) (Telephone Number)				
Mail Address	5215 Old Orchard Road, Suite 600					Skokie, IL, US 60077			
	(Street and Number or P.O. Box)					(City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	14100 Magellan Plaza								
	(Street and Number)								
	Maryland Heights, MO, US 63043					314-387-5006			
	(City or Town, State, Country and Zip Code)					(Area Code) (Telephone Number) (Extension)			
Internet Web Site Address	N/A								
Statutory Statement Contact	David P. Kunz					314-387-5006			
	(Name)					(Area Code) (Telephone Number) (Extension)			
	dpkunz@magellanhealth.com					314-387-5407			
	(E-Mail Address)					(Fax Number)			

OFFICERS

Name	Title	Name	Title
Mostafa Kamal #	President	Andrew Mark Cummings	Secretary
Jeffrey Nelson West	Treasurer		

OTHER OFFICERS

Linton Clarke Newlin	Vice-President	Michael Patrick McQuillen	Assistant Secretary
John DiBernardi	Assistant Secretary	Sanjeev Srivastava #	Vice-President
Anne McCabe	Vice-President		

DIRECTORS OR TRUSTEES

Mostafa Kamal #	Michael Vallino #	Julie Ann Billingsley	Jeffrey Nelson West
Barry Smith	Sanjeev Srivastava	Thomas Sak #	Daniel Gregoire

State of
County of ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures* manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Mostafa Kamal President	Andrew Mark Cummings Secretary	Jeffrey Nelson West Treasurer
Subscribed and sworn to before me this day of ,		
a. Is this an original filing? Yes [X] No []		
b. If no:		
1. State the amendment number		
2. Date filed		
3. Number of pages attached		

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	13,163,538		13,163,538	26,665,673
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	9,105,465		9,105,465	3,882,452
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$38,433 , Schedule E-Part 1), cash equivalents (\$1,999,471 , Schedule E-Part 2) and short-term investments (\$31,634,782 , Schedule DA).....	33,672,686		33,672,686	27,167,377
6. Contract loans (including \$ premium notes).....			0	0
7. Derivatives (Schedule DB).....	0		0	0
8. Other invested assets (Schedule BA)	0		0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL).....			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	55,941,688	0	55,941,688	57,715,502
13. Title plants less \$ charged off (for Title insurers only).....			0	0
14. Investment income due and accrued	404,869		404,869	350,657
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	987,041		987,041	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums).....			0	0
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)			0	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers			0	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans	5,039,016		5,039,016	5,608,166
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset.....			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software.....			0	0
21. Furniture and equipment, including health care delivery assets (\$)			0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	4,304,883		4,304,883	0
24. Health care (\$) and other amounts receivable.....	1,000,800	1,000,800	0	652,302
25. Aggregate write-ins for other-than-invested assets	0	0	0	2,901,961
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	67,678,297	1,000,800	66,677,497	67,228,589
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
28. Total (Lines 26 and 27)	67,678,297	1,000,800	66,677,497	67,228,589
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0
2501. Health Insurance Fee Receivable.....			0	2,901,961
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0	0	2,901,961

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	9,213,524		9,213,524	23,798,334
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	65,689		65,689	180,207
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act.....			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves.....			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	901,060		901,060	1,115,451
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses)).....	6,876,973		6,876,973	5,056,644
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	10,119,483
16. Derivatives.....		0	0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers).....			0	0
20. Reinsurance in unauthorized and certified (\$) companies.....			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans			0	0
23. Aggregate write-ins for other liabilities (including \$2,141 current)	2,141	0	2,141	0
24. Total liabilities (Lines 1 to 23).....	17,059,387	0	17,059,387	40,270,119
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX	1,500,000	1,500,000
27. Preferred capital stock	XXX	XXX	0	0
28. Gross paid in and contributed surplus	XXX	XXX	21,020,000	21,020,000
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other-than-special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	27,098,110	4,438,469
32. Less treasury stock, at cost:				
32.1 .....shares common (value included in Line 26 \$)	XXX	XXX		0
32.2 .....shares preferred (value included in Line 27 \$)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	49,618,110	26,958,469
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	66,677,497	67,228,588
DETAILS OF WRITE-INS				
2301. Health Insurance Fee reimbursement overpayment.....	2,141		2,141	
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	2,141	0	2,141	0
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	3,328,820	3,345,398
2. Net premium income (including \$0 non-health premium income).....	XXX	114,753,957	125,875,024
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	3,788,503	2,901,961
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	118,542,460	128,776,985
Hospital and Medical:			
9. Hospital/medical benefits		43,555,245	54,875,199
10. Other professional services		51,859,162	51,826,395
11. Outside referrals			0
12. Emergency room and out-of-area			0
13. Prescription drugs			0
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	0	95,414,407	106,701,594
Less:			
17. Net reinsurance recoveries			0
18. Total hospital and medical (Lines 16 minus 17)	0	95,414,407	106,701,594
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$1,928,570 cost containment expenses.....		1,928,570	3,051,118
21. General administrative expenses.....		4,207,173	6,616,302
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	101,550,150	116,369,013
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	16,992,310	12,407,972
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		241,904	211,876
26. Net realized capital gains (losses) less capital gains tax of \$3,920		3,920	(16,937)
27. Net investment gains (losses) (Lines 25 plus 26)	0	245,824	194,939
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]		0	0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	17,238,134	12,602,911
31. Federal and foreign income taxes incurred	XXX	6,876,973	5,056,644
32. Net income (loss) (Lines 30 minus 31)	XXX	10,361,160	7,546,267
DETAILS OF WRITE-INS			
0601. Health Insurance Fee Reimbursement Revenue.....	XXX	3,788,503	2,901,961
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	3,788,503	2,901,961
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	26,958,468	37,779,553
34. Net income or (loss) from Line 32	10,361,160	7,546,267
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	5,223,013	208,916
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	7,075,467	(8,076,267)
40. Change in unauthorized and certified reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles	0	0
44. Capital Changes:		
44.1 Paid in	0	500,000
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders	0	(11,000,000)
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital and surplus (Lines 34 to 47)	22,659,641	(10,821,085)
49. Capital and surplus end of reporting year (Line 33 plus 48)	49,618,109	26,958,468
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

Cash from Operations		1 Current Year	2 Prior Year
1. Premiums collected net of reinsurance		114,419,219	125,492,983
2. Net investment income		512,489	759,849
3. Miscellaneous income		6,692,605	0
4. Total (Lines 1 through 3)		121,624,313	126,252,832
5. Benefit and loss related payments		109,999,217	110,049,369
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
7. Commissions, expenses paid and aggregate write-ins for deductions		(1,179,964)	16,231,969
8. Dividends paid to policyholders			0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		5,056,644	6,764,038
10. Total (Lines 5 through 9)		113,875,897	133,045,377
11. Net cash from operations (Line 4 minus Line 10)		7,748,416	(6,792,545)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds		19,451,826	9,139,373
12.2 Stocks		0	0
12.3 Mortgage loans		0	0
12.4 Real estate		0	0
12.5 Other invested assets		0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		(1,705)	(19,990)
12.7 Miscellaneous proceeds		0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)		19,450,121	9,119,383
13. Cost of investments acquired (long-term only):			
13.1 Bonds		6,268,863	23,165,726
13.2 Stocks		0	0
13.3 Mortgage loans		0	0
13.4 Real estate		0	0
13.5 Other invested assets		0	0
13.6 Miscellaneous applications		0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)		6,268,863	23,165,726
14. Net increase (decrease) in contract loans and premium notes		0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		13,181,258	(14,046,344)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes		0	0
16.2 Capital and paid in surplus, less treasury stock		0	500,000
16.3 Borrowed funds		0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities			0
16.5 Dividends to stockholders		0	11,000,000
16.6 Other cash provided (applied)		(14,424,366)	5,146,372
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		(14,424,365)	(5,353,628)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)		6,505,308	(26,192,516)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year		27,167,377	53,359,894
19.2 End of year (Line 18 plus Line 19.1)		33,672,686	27,167,377

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Merit Health Insurance Company

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	114,753,957	0	0	0	0	0	0	114,753,957	0	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue.....	0									XXX
5. Aggregate write-ins for other health care related revenues.....	3,788,503	0	0	0	0	0	0	3,788,503	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	118,542,460	0	0	0	0	0	0	118,542,460	0	0
8. Hospital/medical benefits	43,555,245							43,555,245		XXX
9. Other professional services	51,859,162							51,859,162		XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	0									XXX
12. Prescription drugs	0									XXX
13. Aggregate write-ins for other hospital and medical.....	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	0									XXX
15. Subtotal (Lines 8 to 14)	95,414,407	0	0	0	0	0	0	95,414,407	0	XXX
16. Net reinsurance recoveries	0									XXX
17. Total hospital and medical (Lines 15 minus 16)	95,414,407	0	0	0	0	0	0	95,414,407	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ cost containment expenses.....	1,928,570							1,928,570		
20. General administrative expenses	4,207,173							9,770,596	(5,563,423)	
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	101,550,150	0	0	0	0	0	0	107,113,573	(5,563,423)	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	16,992,310	0	0	0	0	0	0	11,428,887	5,563,423	0
DETAILS OF WRITE-INS										
0501. ACA Tax Reimbursement Revenue.....	3,788,503							3,788,503		XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	3,788,503	0	0	0	0	0	0	3,788,503	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)				0
2. Medicare Supplement				0
3. Dental only.....				0
4. Vision only.....				0
5. Federal Employees Health Benefits Plan				0
6. Title XVIII - Medicare				0
7. Title XIX - Medicaid.....	114,753,957			114,753,957
8. Other health.....				0
9. Health subtotal (Lines 1 through 8)	114,753,957	0	0	114,753,957
10. Life				0
11. Property/casualty.....				0
12. Totals (Lines 9 to 11)	114,753,957	0	0	114,753,957

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Merit Health Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non- Health
1. Payments during the year:										
1.1 Direct	109,999,217							109,999,217		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	109,999,217	0	0	0	0	0	0	109,999,217	0	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	9,213,524	0	0	0	0	0	0	9,213,524	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	9,213,524	0	0	0	0	0	0	9,213,524	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0									
6. Net healthcare receivables (a).....	0									
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	23,798,334	0	0	0	0	0	0	23,798,334	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	23,798,334	0	0	0	0	0	0	23,798,334	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0
12. Incurred benefits:										
12.1 Direct	95,414,407	0	0	0	0	0	0	95,414,407	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	95,414,407	0	0	0	0	0	0	95,414,407	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct	0									
1.2. Reinsurance assumed	0									
1.3. Reinsurance ceded	0									
1.4. Net	0	0	0	0	0	0	0	0	0	0
2. Incurred but Unreported:										
2.1. Direct	9,213,524							9,213,524		
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	0									
2.4. Net	9,213,524	0	0	0	0	0	0	9,213,524	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct	0									
3.2. Reinsurance assumed	0									
3.3. Reinsurance ceded	0									
3.4. Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1. Direct	9,213,524	0	0	0	0	0	0	9,213,524	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4. Net	9,213,524	0	0	0	0	0	0	9,213,524	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only.....					0	0
4. Vision Only.....					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid.....	15,918,480	94,080,737	502,379	8,711,145	16,420,859	23,798,334
8. Other health					0	0
9. Health subtotal (Lines 1 to 8).....	15,918,480	94,080,737	502,379	8,711,145	16,420,859	23,798,334
10. Healthcare receivables (a).....					0	0
11. Other non-health.....					0	0
12. Medical incentive pools and bonus amounts					0	0
13. Totals (Lines 9-10+11+12)	15,918,480	94,080,737	502,379	8,711,145	16,420,859	23,798,334

(a) Excludes \$ loans or advances to providers not yet expensed.

Pt 2C - Sn A - Paid Claims - Comp

NONE

Pt 2C - Sn A - Paid Claims - MS

NONE

Pt 2C - Sn A - Paid Claims - DO

NONE

Pt 2C - Sn A - Paid Claims - VO

NONE

Pt 2C - Sn A - Paid Claims - FE

NONE

Pt 2C - Sn A - Paid Claims - XV

NONE

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Merit Health Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	.0	.0	.0	.0	.0
2. 2011.....	.0	.0	.0	.0	.0
3. 2012.....	XXX	51,348	78,327	77,698	77,951
4. 2013.....	XXX	XXX	82,892	104,408	105,488
5. 2014.....	XXX	XXX	XXX	89,163	103,748
6. 2015.....	XXX	XXX	XXX	XXX	94,081

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior .....	.0	.0	.0	.0	.0
2. 2011.....	.0	.0	.0	.0	.0
3. 2012.....	XXX	83,963	81,603	78,096	77,950
4. 2013.....	XXX	XXX	106,762	105,613	105,555
5. 2014.....	XXX	XXX	XXX	111,358	104,184
6. 2015.....	XXX	XXX	XXX	XXX	102,792

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2011.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 2012.....	106,741	77,951	1,970	2.5	79,921	74.9	.0	.0	79,921	74.9
3. 2013.....	128,583	105,488	2,192	2.1	107,680	83.7	66	.0	107,747	83.8
4. 2014.....	125,875	103,748	2,871	2.8	106,619	84.7	436	.3	107,058	85.1
5. 2015.....	114,754	94,081	1,929	2.0	96,009	83.7	8,711	62	104,782	91.3

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	40,775	40,775	40,775	40,775	40,775
2. 2011 .....	.0	.0	.0	.0	.0
3. 2012	XXX	.0	.0	.0	.0
4. 2013	XXX	XXX	.0	.0	.0
5. 2014	XXX	XXX	XXX	.0	.0
6. 2015	XXX	XXX	XXX	XXX	0

Section B – Incurred Health Claims - Other

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	40,775	40,775	40,775	40,775	40,775
2. 2011 .....	.0	.0	.0	.0	.0
3. 2012	XXX	.0	.0	.0	.0
4. 2013	XXX	XXX	.0	.0	.0
5. 2014	XXX	XXX	XXX	.0	.0
6. 2015	XXX	XXX	XXX	XXX	0

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Other

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2011 .....	.0	.0			.0	.0			.0	.0
2. 2012 .....	.0	.0			.0	.0			.0	.0
3. 2013 .....	.0	.0			.0	.0			.0	.0
4. 2014 .....	.0	.0			.0	.0			.0	.0
5. 2015		0			0	0.0			0	0.0

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Merit Health Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	40,775	40,775	40,775	40,775	40,775
2. 2011.....	.0	.0	.0	.0	.0
3. 2012.....	XXX	51,348	78,327	77,698	77,951
4. 2013.....	XXX	XXX	82,892	104,408	105,488
5. 2014.....	XXX	XXX	XXX	89,163	103,748
6. 2015.....	XXX	XXX	XXX	XXX	94,081

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2011	2 2012	3 2013	4 2014	5 2015
1. Prior	40,775	40,775	40,775	40,775	40,775
2. 2011.....	.0	.0	.0	.0	.0
3. 2012.....	XXX	83,963	81,603	78,096	77,950
4. 2013.....	XXX	XXX	106,762	105,613	105,555
5. 2014.....	XXX	XXX	XXX	111,358	104,184
6. 2015.....	XXX	XXX	XXX	XXX	102,792

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2+3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	(Col. 9/1) Percent
1. 2011.....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
2. 2012.....	106,741	77,951	1,970	2.5	79,921	74.9	.0	.0	79,921	74.9
3. 2013.....	128,583	105,488	2,192	2.1	107,680	83.7	.66	.0	107,747	83.8
4. 2014.....	125,875	103,748	2,871	2.8	106,619	84.7	.436	.3	107,058	85.1
5. 2015.....	114,754	94,081	1,929	2.0	96,009	83.7	8,711	62	104,782	91.3

Pt 2C - Sn B - Incurred Claims - Comp

NONE

Pt 2C - Sn B - Incurred Claims - MS

NONE

Pt 2C - Sn B - Incurred Claims - DO

NONE

Pt 2C - Sn B - Incurred Claims - VO

NONE

Pt 2C - Sn B - Incurred Claims - FE

NONE

Pt 2C - Sn B - Incurred Claims - XV

NONE

Part 2C - Sn C - Claims Expense Ratio Co
NONE

Part 2C - Sn C - Claims Expense Ratio MS
NONE

Part 2C - Sn C - Claims Expense Ratio DO
NONE

Part 2C - Sn C - Claims Expense Ratio VO
NONE

Part 2C - Sn C - Claims Expense Ratio FE
NONE

Part 2C - Sn C - Claims Expense Ratio XV
NONE

ANNUAL STATEMENT FOR THE YEAR 2015 OF THE Merit Health Insurance Company

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.0								
2. Additional policy reserves (a).....	.0								
3. Reserve for future contingent benefits.....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ for investment income).....	.0								
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4)	0	0	0	0	0	0	0	0	0
9. Present value of amounts not yet due on claims .....	.0	NONE							
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0								
12. Totals (gross) .....	.0								
13. Reinsurance ceded .....	.0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building)			793,370		793,370
2. Salaries, wages and other benefits	1,691,669		8,840,922		10,532,590
3. Commissions (less \$ceded plus \$assumed)					0
4. Legal fees and expenses					0
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services					0
7. Traveling expenses	17,063		147,372		164,436
8. Marketing and advertising	848		11,937		12,785
9. Postage, express and telephone	3,581		70,245		73,825
10. Printing and office supplies	28,846		176,711		205,556
11. Occupancy, depreciation and amortization	10,363		36,235		46,598
12. Equipment					0
13. Cost or depreciation of EDP equipment and software					0
14. Outsourced services including EDP, claims, and other services	155,482		616,199		771,681
15. Boards, bureaus and association fees					0
16. Insurance, except on real estate					0
17. Collection and bank service charges				2,621	2,621
18. Group service and administration fees					0
19. Reimbursements by uninsured plans			(25,820,995)		(25,820,995)
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes			2,587,099		2,587,099
23.3 Regulatory authority licenses and fees			62,922		62,922
23.4 Payroll taxes					0
23.5 Other (excluding federal income and real estate taxes)	474		11,926		12,400
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	20,244	0	16,673,231	0	16,693,476
26. Total expenses incurred (Lines 1 to 25)	1,928,570	0	4,207,173	2,621	(a) .....6,138,365
27. Less expenses unpaid December 31, current year	0	65,689	901,060		966,749
28. Add expenses unpaid December 31, prior year	0	180,207	1,115,451	0	1,295,658
29. Amounts receivable relating to uninsured plans, prior year	0	0	5,608,166	0	5,608,166
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	1,928,570	114,518	(1,186,601)	2,621	859,109
DETAILS OF WRITE-INS					
2501. Management Agreement Charges.....			48,700		48,700
2502. Misc. Other Expenses.....	1,622		117,598		119,220
2503. LA Contract Administrative Service Management Fees.....		0	13,732,264		13,732,264
2598. Summary of remaining write-ins for Line 25 from overflow page	18,622	0	2,774,669	0	2,793,292
2599. Totals (Line 2501 through 2503 plus 2598) (Line 25 above)	20,244	0	16,673,231	0	16,693,476

(a) Includes management fees of \$13,828,964 to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....22,588	.....24,904
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a).....154,871	.....89,675
1.3	Bonds of affiliates	(a).....0	.....
2.1	Preferred stocks (unaffiliated)	(b).....0	.....
2.11	Preferred stocks of affiliates	(b).....0	.....
2.2	Common stocks (unaffiliated) .....	.....0	.....
2.21	Common stocks of affiliates .....	.....0	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....12,852	.....129,945
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	190,311	244,524
11.	Investment expenses		(g).....2,621
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....2,621
17.	Net investment income (Line 10 minus Line 16)		241,903
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		0

(a) Includes \$2,492 accrual of discount less \$321,665 amortization of premium and less \$62,848 paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$0 paid for accrued dividends on purchases.
(c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$5,263 accrual of discount less \$764,624 amortization of premium and less \$358,727 paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....			.....0		
1.1	Bonds exempt from U.S. tax .....			.....0		
1.2	Other bonds (unaffiliated) .....	.....5,624		.....5,624		
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....5,223,013	.....0
3.	Mortgage loans .....	.....0	.....0	.....0	.....0	.....0
4.	Real estate .....	.....0	.....0	.....0		.....0
5.	Contract loans .....			.....0		
6.	Cash, cash equivalents and short-term investments .....	.....(1,705)		.....(1,705)	.....0	.....0
7.	Derivative instruments .....			.....0		
8.	Other invested assets .....	.....0	.....0	.....0	.....0	.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0	.....0
10.	Total capital gains (losses)	3,919	0	3,919	5,223,013	0
DETAILS OF WRITE-INS						
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset.....	0	0	0
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable.....	1,000,800	8,076,267	7,075,467
25. Aggregate write-ins for other-than-invested assets	0	0	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	1,000,800	8,076,267	7,075,467
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	1,000,800	8,076,267	7,075,467
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501.			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	.0					
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business.....	291,651	304,620	304,864	308,937	4,422	3,328,820
7. Total	291,651	304,620	304,864	308,937	4,422	3,328,820
DETAILS OF WRITE-INS						
0601. Limited Service Organization (Provider of managed mental health).....	291,651	304,620	304,864	308,937	4,422	3,328,820
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	291,651	304,620	304,864	308,937	4,422	3,328,820

NOTES TO FINANCIAL STATEMENTS

1 Summary of Significant Accounting Policies

(A) - Accounting Practices

Merit Health Insurance Company (the “Company”) prepares its statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the Illinois Department of Insurance (the “Department”), which represents a comprehensive basis of accounting other than U.S. generally accepted accounting principles. The Department requires that insurance companies domiciled in Illinois prepare their statutory-basis financial statements in accordance with the Codified National Association of Insurance Commissioners’ (“NAIC”) Statements of Statutory Accounting Principles (“SSAP”), subject to any deviations prescribed or permitted by the Department. The Company is not aware of any differences between the NAIC and the Department with respect to accounting practices that would have an impact on the accompanying statutory-basis financial statements. In addition, the accompanying statutory-basis financial statements have been prepared in accordance with the Annual Statement instructions and the NAIC Accounting Practices and Procedures manual.

(B) - Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with statutory accounting practices requires management to make estimates and assumptions that affect the reported amounts of admitted assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates of the Company include, among other things, contract receivables realization and the establishment of claims unpaid reserves. Actual results could differ from those estimates.

(C) – Accounting Policies

Fair Value of Financial Instruments

The Company currently does not have any assets or liabilities that are required to be measured at fair value on a recurring basis. SSAP No. 100 “Fair Value Measurements”, defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value. The carrying value of the Company’s financial instruments classified as current assets (other than short-term investments) and current liabilities approximate fair value due to their short maturities. As of December 31, 2014, the carrying value and fair value of the Company’s short-term investments totaled \$21,330,383 and \$21,315,235, respectively, the carrying value and fair value of the Company’s long-term investments totaled \$26,665,673 and \$26,624,715, respectively, and both the carrying value and fair value of the Company’s common stock investments totaled \$3,882,452. As of December 31, 2015, the carrying value and fair value of the Company’s short-term investments totaled \$31,634,782 and \$31,600,514, respectively, the carrying value and fair value of the Company’s long-term investments totaled \$13,163,538 and \$13,143,766, respectively, and both the carrying value and fair value of the Company’s common stock investments totaled \$9,105,465.

Cash, Cash Equivalents and Short-term Investments

Cash consists of cash on hand and in financial institutions, along with certificates of deposit with maturity dates at the time of acquisition of one year or less. Cash equivalents are short-term, highly liquid interest-bearing investments with maturity dates of three months or less when acquired. Short-term investments have maturities of one year or less at the time of acquisition (excluding those investments classified as cash equivalents) and are recorded at amortized cost using the straight-line basis, except in cases where NAIC designation requires them to be carried at the lower of amortized cost or fair value. For the periods presented, the Company’s cash equivalents consist of commercial paper, and its’ short-term investments consist of exempt money market mutual funds as classified on the mutual fund lists published by the NAIC and corporate debt securities.

Long-term Investments

Long-term investments have maturities in excess of one year from the date of acquisition and are recorded at amortized cost using the straight-line basis, except in cases where NAIC designation requires them to be carried at the lower of amortized cost or fair value. For the periods presented, the Company’s long-term investments consist of corporate debt securities, U.S. Treasury securities, and obligations of U.S. government-sponsored agencies, which include investments in notes issued by the Federal Home Loan Bank.

Common Stock

Common stock consists of the Company’s investment in a controlled subsidiary, with the Company owning 100 percent of Magellan Life Insurance Company (“Magellan Life”). The common stock investment is recorded at Magellan Life’s statutory net equity balance.

Investment Securities

The Company periodically evaluates whether any declines in the fair value of investment securities are other-than-temporary. This evaluation consists of a review of several factors, including but not limited to: the length of time and extent that a security has been in an unrealized loss position; the existence of an event that would impair the issuer’s future earnings potential; the near-term prospects for recovery of the market value of a security; and the intent and ability of the Company to hold the security until the market value recovers. Declines in value below cost for investments where it is considered probable that all contractual terms of the investment will be satisfied, the decline is due primarily to changes in interest rates (and not because of increased credit risk), and where the Company intends and has the ability to hold the

NOTES TO FINANCIAL STATEMENTS

investment for a period of time sufficient to allow a market recovery, are not assumed to be other-than-temporary. As of December 31, 2014 and December 31, 2015, the Company did not have any other-than-temporary impairments.

Contract Receivables

Contract receivables consist of amounts due from customers for capitated services. Collateral is generally not required. Contract receivables are admitted in the accompanying statutory-basis financial statements pursuant to the provisions of SSAP No. 84, “Certain Health Care Receivables and Receivables under Government Insured Plans” (“SSAP 84”). Evaluation of the collectability of amounts receivable is based upon factors surrounding the credit risk of specific customers, historical trends and other information. If it is probable the balance is uncollectible, any uncollectible receivable shall be written off and charged to income in the period the determination is made.

Amounts receivable relating to uninsured plans for claims and other costs paid by the administrator on behalf of the third party at risk and fees related to the services provided by the administrator to the plan are to be segregated from other receivables. In accordance with SSAP 84, receivables associated with uninsured plans are considered an admitted asset, including amounts over ninety days past due.

Revenue Recognition

Revenue associated with providing managed behavioral healthcare and substance abuse services on a risk basis is recognized over the applicable coverage period on a per member basis for covered members. The Company is paid a per member fee for all covered members, and this fee is recorded as revenue in the month in which members are entitled to service. The Company adjusts its revenue for retroactive membership terminations, additions and other changes, when such adjustments are identified, with the exception of retroactivity that can be reasonably estimated. The impact of retroactive rate amendments is generally reported in the accounting period that terms to the amendment are finalized, and that the amendment is executed. Any fees paid prior to the month of service are recorded as deferred revenue.

Claims Costs and Liability for Claims Unpaid

Claims costs are recognized in the period in which covered members receive behavioral healthcare services. In addition to actual benefits paid, claims costs include the impact of accruals for estimates of claims unpaid. Claims unpaid represents the liability for healthcare claims reported but not yet paid and claims incurred but not yet reported (“IBNR”) related to the Company’s behavioral healthcare business. Such liabilities are determined by employing actuarial methods that are commonly used by health insurance actuaries and meet actuarial standards of practice.

The IBNR portion of claims unpaid is estimated based on past claims payment experience for member groups, enrollment data, utilization statistics, authorized healthcare services and other factors. This data is incorporated into contract-specific actuarial reserve models and is further analyzed to create “completion factors” that represent the average percentage of total incurred claims that have been paid through a given date after being incurred. Factors that affect estimated completion factors include benefit changes, enrollment changes, shifts in product mix, seasonality influences, provider reimbursement changes, changes in claims inventory levels, the speed of claims processing and changes in paid claim levels. Completion factors are applied to claims paid through the financial statement date to estimate the ultimate claim expense incurred for the current period. Actuarial estimates of claims unpaid are then determined by subtracting the actual paid claims from the estimate of the ultimate incurred claims. For the most recent incurred months (generally the most recent two months), the percentage of claims paid for claims incurred in those months is generally low. This makes the completion factor methodology less reliable for such months. Therefore, incurred claims for any month with a completion factor that is less than 70 percent are generally not projected from historical completion and payment patterns; rather they are projected by estimating claims expense based on recent monthly estimated cost incurred per member per month times membership, taking into account seasonality influences, benefit changes and healthcare trend levels, collectively considered to be “trend factors”.

Claims unpaid balances are continually monitored and reviewed. If it is determined that the Company’s assumptions in estimating such liabilities are different than actual results, the Company’s results of operations and financial position could be impacted in future periods. Adjustments of prior period estimates may result in additional claims costs or a reduction of claims costs in the period an adjustment is made. Further, due to the considerable variability of healthcare costs, adjustments to claims unpaid occur each period and are sometimes significant as compared to the net income recorded in that period. Prior period development is recognized immediately upon the actuary’s judgment that a portion of the prior period liability is no longer needed or that additional liability should have been accrued.

Actuarial standards of practice require that claims unpaid be adequate under moderately adverse circumstances. Adverse circumstances are situations in which actual claims experience could be higher than the otherwise estimated value of such claims. In many situations, the claims paid amount experienced will be less than the estimate that satisfies the actuarial standards of practice.

2 Accounting Changes and Corrections of Errors

None

3 Business Combinations and Goodwill

On August 2, 1996, the Company acquired Magellan Life, a Delaware life and accident and health insurance company that had insurance licenses in 30 states. The Company has accounted for its investment in Magellan Life under the equity method pursuant to SSAP No. 97, “Investments in Subsidiary, Controlled and Affiliated Entities, A Replacement of SSAP

NOTES TO FINANCIAL STATEMENTS

No. 88”. For statutory reporting purposes, the admitted value of the investment in subsidiary reflects the statutory equity in net assets of Magellan Life.

The increase in carrying value of the Company’s investment in Magellan Life of \$208,915 and \$5,223,013 for the year ended December 31, 2014 and the year ended December 31, 2015 respectively, is reflected as an increase in net unrealized capital gains within the capital and surplus rollforward in the accompanying statement of revenue and expenses. The increase is attributable to Magellan Life’s net income for the year ended December 31, 2014 and the year ended December 31, 2015, respectively.

4 Discontinued Operations

None

5 Investments

- (A) None
- (B) None
- (C) None
- (D) None
- (E) None
- (F) None
- (G) None
- (H) 1. (a) – (i) None
 - (j) Investments on deposit with states. The Company is required by certain of the states in which it is licensed to deposit cash and/or investment securities with those states. At December 31, 2014 and December 31, 2015, the Company had restricted deposits of \$2,014,369 and \$2,685,864, respectively. As such, restricted deposits increased \$671,495 from the prior year-end. At December 31, 2014 and December 31, 2015, restricted deposits represented 3.0% and 4.0%, respectively, of the Company’s total admitted assets.
- (k) – (o) None
 - 2. None
 - 3. None
- (I) 1. None
 - 2. None
 - 3. None
- (J) None
- (K) None

6 Joint Ventures, Partnerships and Limited Liability Companies

The Company has no investments in joint ventures, partnerships or limited liability companies.

The Company entered into a joint venture agreement with its ultimate parent company, Magellan Health, Inc. (“Magellan”), effective March 1, 2012. The joint venture agreement does not signify a joint venture investment, with no provision of equity interest included, but rather stipulates the responsibilities of the Company and Magellan with respect to a contract with the State of Louisiana Department of Health and Hospitals Office of Behavioral Health (the “State Contract”) that was awarded Magellan. Per the terms of the joint venture agreement, all revenues and claims costs associated with the State Contract are reported by the Company.

7 Investment Income

The Company admitted all investment income due and accrued as of December 31, 2014 and December 31, 2015, which totaled \$350,657 and \$404,869, respectively.

8 Derivative Instruments

None

9 Income Taxes

For federal income tax reporting purposes, the Company’s operations are included in Magellan’s consolidated federal income tax returns. The Company has a tax allocation agreement with Magellan. The current agreement calls for an allocation based on Magellan’s effective income tax rate before reflecting the allocation and after affecting for permanent differences. Through the tax allocation agreement, the Company was allocated federal income tax charges of \$5,056,644 and \$6,876,973 for its share of Magellan’s federal income tax provisions for the year ended December 31, 2014 and the year-to-date period ended December 31, 2015, respectively. The Company pays premium taxes in lieu of state income taxes.

In accordance with the tax allocation agreement, allocated income taxes payable or recoverable are required to be settled within 30 days after the filing by Magellan of any annual federal income tax return that includes the activities of the Company. In September 2015, the Company settled its allocated federal income tax payable related to 2014, with \$5,056,644 paid to Magellan. The Company’s tax allocation agreement calls for federal income taxes to be computed on the basis of pre-tax book income adjusted for permanent book to tax differences. Accordingly, the Company has no deferred tax assets. That is, the Company is paid in cash by Magellan currently for any deferred tax assets before such assets are utilized by Magellan.

NOTES TO FINANCIAL STATEMENTS

10 Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

Effective as of September 24, 2014, Merit Behavioral Care Corporation (“Merit”) transferred the stock of the Company to Magellan Healthcare, Inc. (“Magellan Healthcare”). As a result, the Company is a direct subsidiary of Magellan Healthcare and Merit is no longer in the chain of ownership. Magellan Healthcare is a wholly owned subsidiary of Magellan. Magellan is engaged in the healthcare management business, and is focused on today’s most complex and costly healthcare services.

The Company paid a dividend of \$9,500,000 to Merit on August 30, 2013. On December 22, 2014, the Company paid a dividend of \$11,000,000 to Magellan Healthcare.

Amounts receivable from or payable to parent, subsidiaries and affiliates are non-interest bearing and are settled within ninety days of quarter-end. As of December 31, 2014, the Company reported \$10,119,483 as the amount payable to parent, subsidiaries and affiliates, which was settled during the first quarter of 2015. As of December 31, 2015, the Company reported \$4,304,883 as the amount receivable from parent, subsidiaries and affiliates, which will be settled by January 31, 2016.

Under an administrative services agreement between Magellan Healthcare and the Company, Magellan Healthcare performs certain collection and payment activities on behalf of the Company. In addition, Magellan Healthcare performs certain administrative and operational functions, which includes legal, underwriting and accounting services. The amount charged to the Company in connection with these services for the year ended December 31, 2014 and the year ended December 31, 2015 totaled \$94,400 and \$96,700, respectively.

Effective March 1, 2012, the Company entered into a joint venture agreement with Magellan. The agreement was developed to assist in the administration of the State Contract that commenced on March 1, 2012, and outlines the Company’s and Magellan’s responsibilities under the State Contract. In addition, the joint venture agreement provides detail with respect to the administrative services to be provided by Magellan and the associated compensation that shall be paid to Magellan by the Company. The compensation charged by Magellan for these services includes an administrative services component that is based on stated percentages of premiums earned under the State Contract and a staffing and direct office costs component that represents direct expenses incurred and paid by Magellan in support of the State Contract. For the year ended December 31, 2014, the amount charged to the Company in connection with the joint venture agreement totaled \$31,299,708, with charges for administrative services and staffing and direct office costs totaling \$14,332,409 and \$16,967,299, respectively. For the year period ended December 31, 2015, the amount charged to the Company in connection with the joint venture agreement totaled \$26,042,261, with charges for administrative services and staffing and direct office costs totaling \$13,732,263 and \$12,309,998, respectively.

As previously noted, the Company owns a 100 percent interest in Magellan Life. The carrying value of Magellan Life currently does not exceed 10% of the Company’s admitted assets. The Company carries the investment at Magellan Life’s statutory net equity. The statement values of Magellan Life’s net admitted assets and liabilities as of December 31, 2014 were \$6,224,348 and \$2,341,896, respectively, with Magellan Life reporting net income of \$208,915 for the year ended December 31, 2014. The statement values of Magellan Life’s net admitted assets and liabilities as of December 31, 2015 were \$13,059,301 and \$3,953,836, respectively, with Magellan Life reporting net income of \$3,523,012 for the year ended December 31, 2015. The Company received no dividends from Magellan Life during the year ended December 31, 2014 or the year ended December 31, 2015.

11 Debt

None

12 Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

None

13 Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations

- (1) The Company has 10,000,000 shares of common stock authorized, with 1,500,000 shares issued and outstanding at a \$1.00 par value.
- (2) The Company has no preferred stock issued or outstanding.
- (3) Dividends to stockholders are limited by the Illinois statute, and are generally payable from accumulated surplus funds that are derived from realized net operating profits on its business and realized net capital gains on its investments. Dividend requests over specified thresholds require approval of the Department.
- (4) The Company paid a dividend of \$9,500,000 to Merit on August 30, 2013. On December 22, 2014, the Company paid a dividend of \$11,000,000 to Magellan Healthcare.
- (5) There are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- (6) There are no restrictions placed on the Company’s surplus, including for whom the surplus is being held.
- (7) The Company does not have any advances to surplus.
- (8) The Company does not hold any stock for special purposes.
- (9) The Company does not have a special surplus fund.
- (10) The Company’s unassigned funds (surplus) as of December 31, 2015 has been increased by cumulative unrealized capital gains of \$5,223,013.
- (11) related to the Company’s investment in Magellan Life and decreased by non-admitted assets of \$1,000,800 largely associated with claim overpayments made to providers in relation to the State Contract
- (12) The Company has not issued surplus debentures or similar obligations.

NOTES TO FINANCIAL STATEMENTS

(13) The Company has not had any restatements due to quasi-reorganizations.

(14) Not applicable

14 Liabilities, Contingencies and Assessments

(A) None

(B) None

(C) None

(D) None

(E) Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. The Company has no assets that it considers to be impaired.

The managed healthcare industry is subject to extensive and evolving federal and state regulations. Such laws and regulations cover, but are not limited to, matters such as licensure, accreditation, government healthcare program participation requirements, information privacy and security, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government investigations and allegations have become more frequent concerning possible violations of fraud and abuse and false claims statutes and regulations by healthcare organizations. Violators may be excluded from participating in government healthcare programs, subject to fines or penalties or required to repay amounts received from the government for previously billed services. A violation of such laws and regulations may have a material adverse effect on the Company.

The Company routinely assesses the collectability of its receivables. The Company has receivables as of December 31, 2015 for claim overpayments associated with its' risk and ASO-based services of \$387,496 and \$613,304, respectively. These receivables were nonadmitted as of December 31, 2015.

15 Leases

None

16 Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

The Company does not have any financial instruments with off-balance sheet risk. Certain financial instruments potentially subject the Company to concentrations of credit risk. These financial instruments consist primarily of cash, investments and receivables. The Company maintains its cash and investments with what it believes to be high-quality financial institutions, and invests in exempt money market funds, U.S. Treasury securities, obligations of U.S. government-sponsored agencies and high-quality commercial paper and corporate debt securities that are believed to have minimal credit risk. The Company's receivables are primarily comprised of contract receivables, amounts receivable relating to uninsured plans and health insurer fee receivables, all of which are associated with the State Contract.

17 Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

None

18 Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

The Company is serving as the Administrative Services Only ("ASO") plan administrator for a portion of membership covered under the State Contract. The Company recognized compensation of \$26,489,718 and \$25,820,995 for providing these ASO services for the year ended December 31, 2014 and the year ended December 31, 2015, respectively. The compensation is recorded as an offset to general administrative expenses. For the year ended December 31, 2014 and the year ended December 31, 2015, ASO plan claim payments totaled \$250,518,195 and \$310,060,141, respectively.

19 Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None

20 Fair Value Measurements

The Company currently does not have any assets or liabilities that are required to be measured and reported at fair value on a recurring basis.

21 Other Items

None

22 Events Subsequent

On January 1, 2014, the Company became subject to an annual fee assessed on entities that provide health insurance under the Affordable Care Act ("ACA"). The annual health insurer fee for the year ended December 31, 2014, which was paid in full during 2014, totaled \$1,844,644, and was based on net health premiums written during 2013 of \$128,503,105. The State of Louisiana Department of Health and Hospitals Office of Behavioral Health agreed to reimburse the Company for the annual health insurer fee, including the impact from non-deductibility of the fee for federal and state income tax purposes. The Company recognized revenues of \$2,901,961 for the year ended December 31, 2014 related to reimbursement of the impact of the annual health insurer fee. The annual health insurer fee for 2015, which will be based on net health premiums written in 2014 of \$128,776,985, is estimated to be approximately \$2,500,000. Reimbursement of

NOTES TO FINANCIAL STATEMENTS

this fee as well as the impact of the non-deductibility for the fee for federal and state income tax purposes will be provided by the State of Louisiana Department of Louisiana Department of Health and Hospitals Office of Behavioral Health. As such, the annual health insurer fee for 2015 is not expected to have a negative impact on the Company’s total capital and surplus. As of December 31, 2015, the Company recognized revenues of \$3,788,503 related to reimbursement of the impact of the annual health insurer fee and expenses of \$2,391,917 for the annual health insurer fee.

23 Reinsurance

- (A) The Company has no ceded reinsurance.
- (B) The Company did not write off any uncollectible reinsurance balances during the year ended December 31, 2014 or the year ended December 31, 2015.
- (C) The Company has no ceded reinsurance.
- (D) None

24 Retrospectively Rated Contracts & Contracts Subject to Redetermination

None

25 Changes in Incurred Claims and Claim Adjustment Expenses

Changes in reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years are as follows:

Claims unpaid as of January 1, 2015	\$ 23,798,334
Current year claims paid related to prior years	(15,918 480)
Current year claims reversed related to prior years	<u>(7,377,475)</u>
Claims unpaid as of December 31, 2015 related to prior years	<u>\$ 502,379</u>

26 Intercompany Pooling Arrangements

None

27 Structured Settlements

None

28 Health Care Receivables

- (A) The Company has no pharmaceutical rebate receivables.
- (B) The Company has no risk sharing receivables.

29 Participating Policies

None

30 Premium Deficiency Reserves

Premium deficiency reserves are established for the amount of the anticipated claims and other acquisition costs, and maintenance costs that have not previously been expensed in excess of the recorded unearned premium reserve and future installment premiums, if any, on existing contracts. As of December 31, 2014 and December 31, 2015 the Company held no premium deficiency reserves.

31 Anticipated Salvage and Subrogation

None

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐
- 1.3

State Regulating?

Illinois.....
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:

.....
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/2010
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....12/31/2010
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....08/26/2011
- 3.4

By what department or departments? Illinois Department of Insurance.....
- 3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes ☐ No ☐ N/A ☒
- 3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes ☒ No ☐ N/A ☐
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes ☐ No ☒

4.12 renewals? Yes ☐ No ☒
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes ☐ No ☒

4.22 renewals? Yes ☐ No ☒
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....
.....
.....
.....

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒
- 7.2

If yes,

7.21 State the percentage of foreign control

1 Nationality	2 Type of Entity
.....
.....
.....
.....
.....

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young LLP, 621 East Pratt Street, Baltimore, MD 21202.....

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [] No [] N/A [X]

10.6 If the response to 10.5 is no or n/a, please explain
Merit Health does not have an Audit Committee because Merit Health is an insurer that is an indirect wholly owned subsidiary of a SOX Complaint Entity.....

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value \$.....

12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A []

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
Yes [X] No []

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s)

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?
- Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?
- Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?
- Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?
- Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....0
- 20.12 To stockholders not officers \$.....0
- 20.13 Trustees, supreme or grand (Fraternal only) \$.....0
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$.....0
- 20.22 To stockholders not officers \$.....0
- 20.23 Trustees, supreme or grand (Fraternal only) \$.....0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?
- Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$.....
- 21.22 Borrowed from others \$.....
- 21.23 Leased from others \$.....
- 21.24 Other \$.....
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?
- Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$.....
- 22.22 Amount paid as expenses \$.....
- 22.23 Other amounts paid \$.....
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
- Yes [] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- \$.....

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)
- Yes [X] No []
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?
- Yes [] No [] NA [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.
- \$.....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.
- \$.....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?
- Yes [] No [] NA [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
- Yes [] No [] NA [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?
- Yes [] No [] NA [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....
- 24.103 Total payable for securities lending reported on the liability page \$.....

GENERAL INTERROGATORIES

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No []

25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements

25.22 Subject to reverse repurchase agreements

25.23 Subject to dollar repurchase agreements

25.24 Subject to reverse dollar repurchase agreements

25.25 Placed under option agreements

25.26 Letter stock or securities restricted as to sale – excluding FHLB Capital Stock

25.27 FHLB Capital Stock

25.28 On deposit with states

25.29 On deposit with other regulatory bodies

25.30 Pledged as collateral – excluding collateral pledged to an FHLB

25.31 Pledged as collateral to FHLB – including assets backing funding agreements

25.32 Other

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

2,685,864

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year. \$

28. Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*? Yes [X] No []

28.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
U.S. Bank - Trust Services.....	205 S. 5th Street, P.O. Box 19264, Springfield, IL 62794-9264.....

28.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [] No [X]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

GENERAL INTERROGATORIES

28.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 TOTAL		0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	46,797,791	44,744,280	(2,053,511)
30.2 Preferred Stocks.....	0		0
30.3 Totals	46,797,791	44,744,280	(2,053,511)

30.4 Describe the sources or methods utilized in determining the fair values:

Fair value for money market funds is equal to the statement value, with the fair value for bonds obtained from broker.....

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes [X] No []

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes [X] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed?

Yes [X] No []

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

- 33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$1,978
- 33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Stone River Insurance Solutions.....	\$.....1,978

- 34.1 Amount of payments for legal expenses, if any? \$0
- 34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

- 35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$0
- 35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2 If yes, indicate premium earned on U. S. business only.

\$0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

\$0

1.62 Total incurred claims

\$0

1.63 Number of covered lives

.....0

All years prior to most current three years:

1.64 Total premium earned

\$0

1.65 Total incurred claims

\$0

1.66 Number of covered lives

.....0

1.7 Group policies:

Most current three years:

1.71 Total premium earned

\$0

1.72 Total incurred claims

\$0

1.73 Number of covered lives

.....0

All years prior to most current three years:

1.74 Total premium earned

\$0

1.75 Total incurred claims

\$0

1.76 Number of covered lives

.....0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$114,753,957	\$	.....125,875,024
2.2	Premium Denominator	\$114,753,957	\$	.....125,875,024
2.3	Premium Ratio (2.1/2.2)	.....1.000		.....1.000
2.4	Reserve Numerator	\$9,213,524	\$	.....23,798,334
2.5	Reserve Denominator	\$9,213,524	\$	.....23,798,334
2.6	Reserve Ratio (2.4/2.5)	.....1.000		.....1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [] No []

5.1 Does the reporting entity have stop-loss reinsurance?

Yes [] No [X]

5.2 If no, explain:

Stop-loss insurance coverage is not required per the contract or state regulators

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical

\$

5.32 Medical Only

\$

5.33 Medicare Supplement

\$

5.34 Dental and Vision

\$

5.35 Other Limited Benefit Plan

\$

5.36 Other

\$750,000

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [X] No []

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

.....3,584

8.2 Number of providers at end of reporting year

.....3,863

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

.....

9.22 Business with rate guarantees over 36 months

.....

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [] No [X]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$.....

10.22 Amount actually paid for year bonuses

\$.....

10.23 Maximum amount payable withholds

\$.....

10.24 Amount actually paid for year withholds

\$.....

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes [] No [X]

11.13 An Individual Practice Association (IPA), or,

Yes [] No [X]

11.14 A Mixed Model (combination of above) ?

Yes [] No [X]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

Yes [X] No []

11.3 If yes, show the name of the state requiring such minimum capital and surplus.

Louisiana.....

11.4 If yes, show the amount required.

\$.....3,000,000

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [] No [X]

11.6 If the amount is calculated, show the calculation

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Arkansas.....
Arizona.....
Colorado.....
District of Columbia.....
Delaware.....
Georgia.....
Iowa.....
Idaho.....
Illinois.....
Indiana.....
Kentucky.....
Louisiana.....
Maryland.....
Maine.....
Michigan.....
Minnesota.....
Missouri.....
Montana.....
North Carolina.....
North Dakota.....
Nebraska.....
New Hampshire.....
New Mexico.....
Pennsylvania.....
South Dakota.....
Tennessee.....
Texas.....
Utah.....
Virginia.....
West Virginia.....
.....
.....
.....
.....
.....

13.1 Do you act as a custodian for health savings accounts?

Yes [] No [X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date.

\$.....

13.3 Do you act as an administrator for health savings accounts?

Yes [] No [X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date.

\$.....

14.1 Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers?

Yes [] No [N/A] [X]

14.2 If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

15. Provide the following for Individual ordinary life insurance* policies (U.S. business Only) for the current year:
- 15.1 Direct Premium Written (prior to reinsurance ceded)

\$0
- 15.2 Total incurred claims

\$0
- 15.3 Number of covered lives

.....0

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

FIVE - YEAR HISTORICAL DATA

	1 2015	2 2014	3 2013	4 2012	5 2011
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	66,677,497	67,228,589	78,379,786	76,351,520	25,658,864
2. Total liabilities (Page 3, Line 24)	17,059,387	40,270,119	40,600,231	41,434,521	42,021
3. Statutory minimum capital and surplus requirement	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
4. Total capital and surplus (Page 3, Line 33)	49,618,110	26,958,469	37,779,554	34,916,999	25,616,843
Income Statement (Page 4)					
5. Total revenues (Line 8)	118,542,460	128,776,985	128,583,105	106,741,242	0
6. Total medical and hospital expenses (Line 18)	95,414,407	106,701,594	104,402,028	83,963,409	0
7. Claims adjustment expenses (Line 20)	1,928,570	3,051,118	2,191,848	1,969,941	0
8. Total administrative expenses (Line 21)	4,207,173	6,616,302	2,778,489	2,759,270	137,718
9. Net underwriting gain (loss) (Line 24)	16,992,310	12,407,972	19,210,740	18,048,623	(137,718)
10. Net investment gain (loss) (Line 27)	245,824	194,939	115,084	4,023	1,261,529
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income or (loss) (Line 32)	10,361,160	7,546,267	12,561,786	11,734,220	1,167,976
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	7,748,416	(6,792,545)	1,773,808	50,055,166	1,216,879
Risk-Based Capital Analysis					
14. Total adjusted capital.....	49,618,110	26,958,469	37,779,554	34,916,999	25,616,843
15. Authorized control level risk-based capital	6,243,004	2,110,641	2,404,424	6,348,589	115,372
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	4,422	291,651	288,770	292,538	0
17. Total members months (Column 6, Line 7)	3,328,820	3,345,398	3,347,467	2,785,743	0
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	83.1	84.8	81.2	78.7	0.0
20. Cost containment expenses	1.7	2.3	1.7	1.8	0.0
21. Other claims adjustment expenses	0.0	0.1	0.0	0.0	0.0
22. Total underwriting deductions (Line 23)	88.5	92.4	85.1	83.1	0.0
23. Total underwriting gain (loss) (Line 24)	14.8	9.9	14.9	16.9	0.0
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	16,420,859	22,489,218	30,255,557	0	0
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	23,798,334	27,146,109	32,615,524	0	0
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	9,105,465	3,882,452	3,673,537	3,872,767	3,706,831
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate		0	0	0	0
31. All other affiliated		0	0	0	0
32. Total of above Lines 26 to 31.....	9,105,465	3,882,452	3,673,537	3,872,767	3,706,831
33. Total investment in parent included in Lines 26 to 31 above					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?.....Yes [] No []

If no, please explain

.....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

			1	Direct Business Only							
			2	3	4	5	6	7	8	9	
State, Etc.			Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama	AL	N							0	0
2.	Alaska	AK	N							0	0
3.	Arizona	AZ	L							0	0
4.	Arkansas	AR	L							0	0
5.	California	CA	N							0	0
6.	Colorado	CO	L							0	0
7.	Connecticut	CT	N							0	0
8.	Delaware	DE	L							0	0
9.	District of Columbia	DC	L							0	0
10.	Florida	FL	N							0	0
11.	Georgia	GA	L							0	0
12.	Hawaii	HI	N							0	0
13.	Idaho	ID	L							0	0
14.	Illinois	IL	L							0	0
15.	Indiana	IN	L							0	0
16.	Iowa	IA	L							0	0
17.	Kansas	KS	N							0	0
18.	Kentucky	KY	L							0	0
19.	Louisiana	LA	L			114,753,957				114,753,957	0
20.	Maine	ME	L							0	0
21.	Maryland	MD	L							0	0
22.	Massachusetts	MA	N							0	0
23.	Michigan	MI	L							0	0
24.	Minnesota	MN	L							0	0
25.	Mississippi	MS	N							0	0
26.	Missouri	MO	L							0	0
27.	Montana	MT	L							0	0
28.	Nebraska	NE	L							0	0
29.	Nevada	NV	N							0	0
30.	New Hampshire	NH	L							0	0
31.	New Jersey	NJ	N							0	0
32.	New Mexico	NM	L							0	0
33.	New York	NY	N							0	0
34.	North Carolina	NC	L							0	0
35.	North Dakota	ND	L							0	0
36.	Ohio	OH	N							0	0
37.	Oklahoma	OK	N							0	0
38.	Oregon	OR	N							0	0
39.	Pennsylvania	PA	L							0	0
40.	Rhode Island	RI	N							0	0
41.	South Carolina	SC	N							0	0
42.	South Dakota	SD	L							0	0
43.	Tennessee	TN	L							0	0
44.	Texas	TX	L							0	0
45.	Utah	UT	L							0	0
46.	Vermont	VT	N							0	0
47.	Virginia	VA	L							0	0
48.	Washington	WA	N							0	0
49.	West Virginia	WV	L							0	0
50.	Wisconsin	WI	N							0	0
51.	Wyoming	WY	N							0	0
52.	American Samoa	AS	N							0	0
53.	Guam	GU	N							0	0
54.	Puerto Rico	PR	N							0	0
55.	U.S. Virgin Islands	VI	N							0	0
56.	Northern Mariana Islands	MP	N							0	0
57.	Canada	CAN	N							0	0
58.	Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59.	Subtotal		XXX	0	0	114,753,957	0	0	0	114,753,957	0
60.	Reporting entity contributions for Employee Benefit Plans		XXX							0	
61.	Total (Direct Business)	(a)	30	0	0	114,753,957	0	0	0	114,753,957	0
DETAILS OF WRITE-INS											
58001.			XXX								
58002.			XXX								
58003.			XXX								
58998.	Summary of remaining write-ins for Line 58 from overflow page		XXX	0	0	0	0	0	0	0	0
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)		XXX	0	0	0	0	0	0	0	0

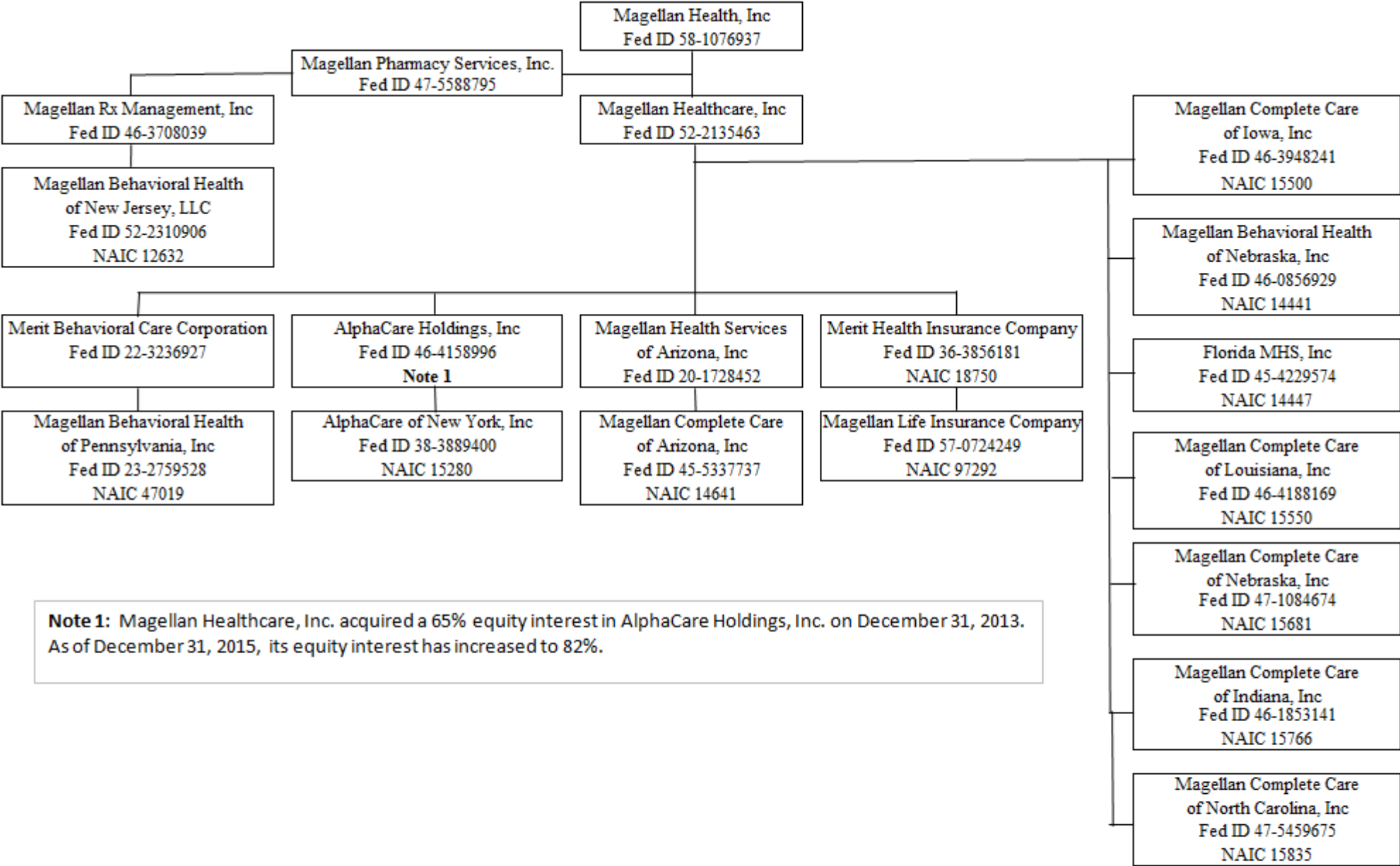
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc. All revenue is derived from State of Louisiana.

(a) Insert the number of L responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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